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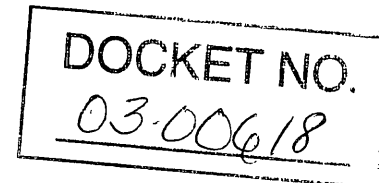
PLEASE RESPOND TO:
KINGSPORT OFFICE

WRITER'S DIRECT DIAL NUMBER:
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KPOW-Z.79644

December 2, 2003

VIA FEDERAL EXPRESS

Honorable Deborah Taylor Tate, Chair
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505



Re: **KINGSPORT POWER COMPANY (American Electric Power)**
APPLICATION FOR \$50,000,000 FINANCING PROGRAM
THROUGH JUNE 30, 2008

Attn: Shara Dillon,
Docket and Records Manager

Dear Madam Chair:

In connection with this matter, please find enclosed one original and thirteen conformed copies of the above referenced application including Exhibit 1 and Verification. Also, please find our check in the amount of \$25.00 for filing same. We have enclosed an additional copy which we would appreciate your returning when it has been time-stamped as received by your office. We have enclosed a self-addressed stamped envelope for this purpose.

If you should have any questions regarding the application, please contact the undersigned.

Sincerely yours,

HUNTER, SMITH & DAVIS, LLP

T. Arthur Scott, Jr.

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December 2, 2003

Enclosures

cc: Mr. R. Daniel Carson, Jr. (w/o encl.)
Thomas G. Berkemeyer, Esq. (w/o encl.)
William E. Johnson, Esq. (w/o encl.)
Mr. Isaac Webb (w/o encl.)
Russell Perkins, Esq. (w/encl.)
Mr. Barry Thomas (w/ encl.)
Mr. Kevin R. Fease (w/o encl.)

Before the
TENNESSEE REGULATORY AUTHORITY

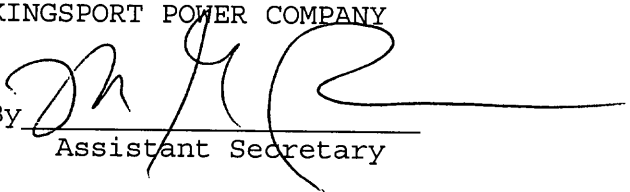
. :
In the Matter of the Application :
 :
of :
 : Docket No.
KINGSPORT POWER COMPANY :
 :
For Permission to Make Notes to Evidence :
Indebtedness Not to Exceed \$50,000,000 :
.

VERIFICATION

I, Thomas G. Berkemeyer, am authorized to represent Kingsport Power Company and to make this verification on its behalf. The statements in the Application of Kingsport Power Company filed in this docket today are true and of my own knowledge, except as to matters which are stated therein on information and belief, and as to those matters, I believe them to be true. Kingsport Power Company will comply with all applicable laws with respect to its issuance of securities to the public. I declare under penalty of perjury that the foregoing is true and correct.


KINGSPORT POWER COMPANY

By


Assistant Secretary

STATE OF OHIO :
 : ss:
COUNTY OF FRANKLIN :

Subscribed and sworn to me this 26TH day of November, 2003.


Notary Public

My Commission expires 7-13-04

Before the
TENNESSEE REGULATORY AUTHORITY

. :
In the Matter of the Application :
 :
of :
 : Docket No.
KINGSPORT POWER COMPANY :
 :
For Permission to Make Notes to Evidence :
Indebtedness Not to Exceed \$50,000,000 :
. :

TO THE HONORABLE REGULATORY AUTHORITY:

Comes the Petitioner, Kingsport Power Company (hereinafter called "Kingsport"), and presents this Application for the following purposes:

Kingsport seeks approval from this Authority to issue up to \$50,000,000 of its unsecured long-term indebtedness from time to time through June 30, 2008. The proceeds will be used to reduce the maturing long and short-term unsecured indebtedness of the Company. Short-term indebtedness of the Company was \$3,926,455 at June 30, 2003. The proposed financing will bear interest at a fixed rate, a fluctuating rate or some combination of fixed and fluctuating rates. In order to obtain a favorable rate of interest, however, it is generally necessary to be able to commit to the financing within 24 hours from the time that funds become available. Therefore, this Application seeks approval of the financing within the ranges of maturities and interest specified herein without the need for a separate hearing on the final commitment.

In support of this Application, Kingsport respectfully submits the following:

ONE. It is a corporation duly organized and existing under the laws of the Commonwealth of Virginia, and qualified to

transact business in the State of Tennessee and with its principal office in the City of Kingsport. A true copy of its Articles of Association has been filed in proceedings before the Authority, Docket No. 2894.

TWO. Kingsport proposes to issue and sell from time to time through September 30, 2008 up to \$50,000,000 principal amount of its unsecured promissory note or notes (the "Notes") to one or more commercial banks, financial institutions or other institutional investors or lenders pursuant to one or more term loan agreements and/or note purchase agreements (collectively, the "Proposed Agreement"). In addition, Kingsport proposes to issue one or more unsecured promissory notes ("AEP Notes") to its parent, American Electric Power Company, Inc. ("AEP"), provided that the aggregate amount of Notes and AEP Notes issued will not exceed \$50,000,000.

THREE. Kingsport is requesting an Order of this Authority approving the proposed financing in all respects such that, upon receipt of such Order, Kingsport may unconditionally, and without further Order of this Authority, enter into a definitive agreement with a bank or banks, in the form of the Proposed Agreement and subject to the conditions, restrictions and limitations specified herein.

FOUR. The Proposed Agreement does not represent a definitive form of agreement with any bank and would provide that the Notes

bear interest at either a fixed rate, fluctuating rate or some combination of fixed and fluctuating rates. Kingsport believes that it would be beneficial to commit itself to a long-term obligation. The actual rate of interest which each Note shall bear, and the maturity thereof, shall be subject to further negotiation between Kingsport and the lender.

Any fixed rate of interest of the Notes will not, at the time of issuance of the Notes, be greater than 350 basis points above the yield to maturity of United States Treasury obligations that mature on or about the date of maturity of the Notes. The initial fluctuating rate will not be greater than 500 basis points above the LIBOR Rate, defined as the per annum rate of interest quoted by the Wall Street Journal as the London Interbank Offered Rate.

In the event a bank or financial institution arranges for a borrowing from a third party, such institution may charge Kingsport a placement fee, not to exceed 1% of the principal amount of such borrowing.

Kingsport believes, given its size and the size of the requested indebtedness, that obtaining this financing through private sources is more cost effective than the public markets.

The Proposed Agreement may specify that, in the event a Note bearing interest at a fixed rate is paid prior to maturity in whole or in part and the fixed rate at that time exceeds the yields to maturity of United States Treasury Notes maturing on or

close to the Note, Kingsport shall pay to the lender an amount based on the present value of such prepaid amounts discounted at such treasury yield.

The Proposed Agreement may contain restrictive covenants which would prohibit Kingsport from, among other things, (i) creating, incurring, assuming or suffering to exist any liens on its property, with certain stated exceptions; (ii) creating or incurring any indebtedness for borrowed money, except as specified therein; (iii) failing to maintain a specified level of capitalization; (iv) entering into certain mergers, consolidations and dispositions of assets; and (v) permitting certain events to occur in connection with its pension plans.

A borrowing by Kingsport from a bank under the Proposed Agreement may be evidenced by one or more Notes of Kingsport, substantially in the form of Exhibit A, B or C to the Proposed Agreement with appropriate insertions. The Proposed Agreement and such Notes thereunder would be for a term of not less than nine months nor more than ten years from the date of borrowing.

FIVE. The interest rates and maturity dates of any AEP Notes would be designed to parallel the cost of the capital of AEP in accordance with the Public Utility Holding Company Act of 1935, as amended. In addition, the interest rate and maturity parameters governing the Notes would apply to the AEP Notes.

SIX. Kingsport proposes to apply all of the proceeds of the financing for general corporate purposes relating to Kingsport's utility business. These purposes include redeeming or repurchasing outstanding short or long-term debt, funding its construction program and replenishing working capital. The Company's long and short term debt presently totals \$20 Million. The amount requested of \$50 Million will permit the Company to refinance the total debt twice within the requested approval period, with an additional amount that will be sufficient to cover costs of issuance and an amount of new money which will not exceed \$10 Million.

SEVEN. Balance sheets of Kingsport as of June 30, 2003 and the related statements of income and retained earnings of Kingsport for the twelve-month period then ended are annexed hereto as Exhibit 1.

EIGHT. Kingsport requests authority to enter into, perform, purchase and sell financial instruments intended to reduce or manage the volatility of interest rates, including but not limited to interest rate swaps, caps, floors, collars and forward agreements or any other similar agreements. Hedges may also include issuance of structured notes (i.e., a debt instrument in which the principal and/or interest payments are indirectly linked to the value of an underlying asset or index), or transactions involving the purchase or sale, including short sales, of U.S.

Treasury or Agency (e.g., FNMA) obligations or LIBOR based swap instruments (collectively referred to as "Hedge Instruments"). The transactions would be for fixed periods and stated notional amounts. Kingsport would employ interest rate derivatives as a means of prudently managing the risk associated with any of its outstanding debt issued pursuant to this authorization or an applicable exemption by, in effect, synthetically (i) converting variable rate debt to fixed rate debt; (ii) converting fixed rate debt to variable rate debt; and (iii) limiting the impact of changes in interest rates resulting from variable rate debt. In no case will the notional principal amount of any interest rate swap exceed the greater of the value of the underlying debt instrument or the present market value of the underlying debt instrument and related interest rate exposure. Transactions will be entered into for a fixed or determinable period. Thus, Kingsport will not engage in speculative transactions unassociated with its financing needs and activities. Kingsport will only enter into agreements with counterparties ("Approved Counterparties") whose senior debt ratings, as published by a national recognized rating agency are greater than or equal to "BBB", or an equivalent rating.

In addition, Kingsport requests authorization to enter into interest rate hedging transactions with respect to anticipated debt offerings (the "Anticipatory Hedges"), subject to certain

limitations and restrictions. Such Anticipatory Hedges would only be entered into with Approved Counterparties, and would be utilized to fix and/or limit the interest rate risk associated with any new issuance through (i) a forward sale of exchange-traded Hedge Instruments (each a "Forward Sale"); (ii) the purchase of put options on Hedge Instruments (a "Put Options Purchase"); (iii) a Put Options Purchase in combination with the sale of call options on Hedge Instruments (a "Zero Cost Collar"); (iv) transactions involving the purchase or sale, including short sales, of Hedge Instruments; or (v) some combination of a Forward Sale, Put Options Purchase, Zero Cost Collar and/or other derivative or cash transactions, including, but not limited to structured notes, caps and collars, appropriate for the Anticipatory Hedges. Anticipatory Hedges may be executed on-exchange ("On-Exchange Trades") with brokers through the opening of futures and/or options positions traded on the Chicago Board of Trade ("CBOT"), the opening of over-the-counter positions with one or more counterparties ("Off-Exchange Trades"), or a combination of On-Exchange Trades and Off-Exchange Trades. Kingsport will determine the optimal structure of each Anticipatory Hedge transaction at the time of execution. Kingsport may decide to lock in interest rates and/or limit its exposure to interest rate increases.

Kingsport has complied with Statement of Financial Accounting standards ("SFAS") 80 ("Accounting for Futures Contracts"), SFAS 133 ("Accounting for Derivatives Instruments and Hedging Activities"), and will comply with such other standards relating to accounting for derivative transactions as are adopted and implemented by the Financial Accounting Standards Board ("FASB").

WHEREFORE, Kingsport respectfully prays that an Order be entered (1) authorizing Kingsport from time to time through June 30, 2008 to borrow up to \$50,000,000 pursuant to the Proposed Agreement and to execute a note or notes, substantially in the form of the Notes or AEP Notes in an amount not to exceed \$50,000,000 to evidence the borrowings to be made pursuant to the Proposed Agreement and (2) granting to Kingsport such other, further or general relief as, in your judgment, Kingsport may be entitled to have upon the facts hereinabove set forth.

KINGSPORT POWER COMPANY

By:


Assistant Treasurer

Dated: November 26, 2003

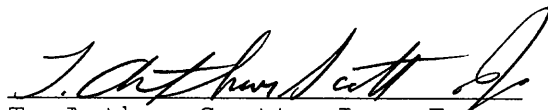

T. Arthur Scott, Jr., Esq.
Hunter, Smith & Davis
1212 North Eastman Road
Kingsport, Tennessee 37664
BPR # 000749
Attorney for Petitioner

EXHIBIT 1

KINGSPORT POWER COMPANY
STATEMENTS OF INCOME
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	(in thousands)			
OPERATING REVENUES.	\$21,829	\$21,593	\$64,808	\$61,681
OPERATING EXPENSES:				
Purchased Power - Affiliated				
Company	15,137	14,998	45,838	43,253
Other Operation	1,818	2,082	5,487	5,661
Maintenance	674	733	2,079	1,843
Depreciation and Amortization	911	845	2,707	2,520
Taxes Other Than Income Taxes	895	895	2,682	2,604
Income Taxes.	798	654	1,990	1,752
TOTAL OPERATING EXPENSES.	<u>20,233</u>	<u>20,207</u>	<u>60,783</u>	<u>57,633</u>
OPERATING INCOME.	1,596	1,386	4,025	4,048
NONOPERATING INCOME	4	17	38	25
INCOME BEFORE INTEREST CHARGES.	1,600	1,403	4,063	4,073
INTEREST CHARGES.	384	410	1,145	1,193
NET INCOME.	<u>\$ 1,216</u>	<u>\$ 993</u>	<u>\$ 2,918</u>	<u>\$ 2,880</u>

STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	(in thousands)			
NET INCOME.	\$ 1,216	\$ 993	\$2,918	\$2,880
OTHER COMPREHENSIVE INCOME.	-	-	-	-
COMPREHENSIVE INCOME.	<u>\$ 1,216</u>	<u>\$ 993</u>	<u>\$2,918</u>	<u>\$2,880</u>

STATEMENTS OF RETAINED EARNINGS
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	(in thousands)			
BALANCE AT BEGINNING OF PERIOD.	\$ 8,082	\$6,461	\$8,380	\$5,882
NET INCOME.	1,216	993	2,918	2,880
DEDUCTIONS:				
Cash Dividends Declared:				
Common Stock.	1,000	654	3,000	1,962
BALANCE AT END OF PERIOD.	<u>\$ 8,298</u>	<u>\$6,800</u>	<u>\$8,298</u>	<u>\$6,800</u>

The common stock of Kingsport Power Company is wholly-owned by American Electric Power Company, Inc.

See Notes to Financial Statements.

KINGSPORT POWER COMPANY
BALANCE SHEETS
(UNAUDITED)

	September 30, <u>2003</u>	December 31, <u>2002</u>
	(in thousands)	
<u>ASSETS</u>		
ELECTRIC UTILITY PLANT:		
Transmission	\$16,083	\$15,182
Distribution	80,678	79,473
General.	5,918	5,980
Construction Work in Progress.	<u>715</u>	<u>973</u>
Total Electric Utility Plant	103,394	101,608
Accumulated Depreciation	<u>39,751</u>	<u>38,104</u>
NET ELECTRIC UTILITY PLANT	<u>63,643</u>	<u>63,504</u>
OTHER PROPERTY AND INVESTMENTS		
	<u>325</u>	<u>430</u>
CURRENT ASSETS:		
Cash and Cash Equivalents.	203	-
Advances to Affiliates	-	4,788
Accounts Receivable:		
Customers.	1,638	1,665
Affiliated Companies	300	1,570
Miscellaneous.	519	213
Allowance for Uncollectible Accounts	(6)	(2)
Materials and Supplies - at average cost	134	168
Accrued Utility Revenues	-	116
Prepayments.	1,642	1,055
Other.	<u>181</u>	<u>181</u>
TOTAL CURRENT ASSETS	<u>4,611</u>	<u>9,754</u>
REGULATORY ASSETS.	<u>5,435</u>	<u>5,345</u>
DEFERRED CHARGES	<u>756</u>	<u>368</u>
TOTAL ASSETS	<u>\$74,770</u>	<u>\$79,401</u>

See Notes to Financial Statements.

KINGSPORT POWER COMPANY
BALANCE SHEETS
(UNAUDITED)

	September 30, 2003	December 31, 2002
	(in thousands)	

CAPITALIZATION AND LIABILITIES

CAPITALIZATION:

Common Stock - No Par Value:

Authorized - 500,000 Shares

Outstanding - 410,000 Shares	\$ 4,100	\$ 4,100
Paid-in Capital.	13,800	13,800
Accumulated Other Comprehensive Income (Loss).	(2,067)	(2,067)
Retained Earnings.	8,298	8,380
Total Common Shareholder's Equity.	24,131	24,213
Long-term Debt - Notes Payable to Banks.	-	20,000

TOTAL CAPITALIZATION	24,131	44,213
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OTHER NONCURRENT LIABILITIES	3,016	3,194
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CURRENT LIABILITIES:

Long-term Debt Due Within One Year	20,000	-
Advances from Affiliates	5,301	-
Accounts Payable - General	120	178
Accounts Payable - Affiliated Companies.	5,552	16,522
Customer Deposits.	1,655	1,465
Taxes Accrued.	1,235	339
Interest Accrued	559	862
Other.	1,906	1,570

TOTAL CURRENT LIABILITIES.	36,328	20,936
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DEFERRED INCOME TAXES.	10,492	10,117
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DEFERRED INVESTMENT TAX CREDITS.	599	642
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DEFERRED CREDITS	204	299
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COMMITMENTS AND CONTINGENCIES (Note 2)

TOTAL CAPITALIZATION AND LIABILITIES . . .	\$74,770	\$79,401
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See Notes to Financial Statements.

KINGSPORT POWER COMPANY
STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended September 30,	
	2003	2002
	(in thousands)	
OPERATING ACTIVITIES:		
Net Income	\$ 2,918	\$ 2,880
Adjustments for Noncash Items:		
Depreciation	2,707	2,520
Deferred Income Taxes	436	566
Deferred Investment Tax Credits	(43)	(45)
Operating Reserves	59	(751)
Amortization of Deferred Property Taxes	(252)	(238)
Changes in Certain Current Assets and Liabilities:		
Accounts Receivable, net	995	(4,139)
Materials and Supplies	34	44
Accrued Utility Revenues	116	(71)
Prepayments and Other	(587)	(691)
Accounts Payable, net	(11,028)	(112)
Customer Deposits	190	515
Taxes Accrued	896	237
Interest Accrued	(303)	(316)
Other, net	493	(102)
Net Cash Flows From (Used For) Operating Activities.	<u>(3,369)</u>	<u>297</u>
INVESTING ACTIVITIES:		
Construction Expenditures	(3,517)	(2,230)
Sales of Property	-	154
Net Cash Flows Used For Investing Activities	<u>(3,517)</u>	<u>(2,076)</u>
FINANCING ACTIVITIES:		
Change in Advances to/from Affiliates, net	10,089	3,751
Dividends Paid	(3,000)	(1,962)
Net Cash Flows From Financing Activities	<u>7,089</u>	<u>1,789</u>
Net Increase in Cash and Cash Equivalents	203	10
Cash and Cash Equivalents at Beginning of Period	-	472
Cash and Cash Equivalents at End of Period	<u>\$ 203</u>	<u>\$ 482</u>

Supplemental Disclosure:

Cash paid for interest, net of capitalized amounts, was \$1,422,000 and \$1,484,000 and for income taxes was \$805,000 and \$557,000 in 2003 and 2002, respectively.

See Notes to Financial Statements.

KINGSPORT POWER COMPANY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2003
(UNAUDITED)

1. GENERAL

The accompanying unaudited financial statements should be read in conjunction with Kingsport Power Company's 2002 Annual Report. Certain prior-period amounts have been reclassified to conform to current-period presentation. In the opinion of management, the financial statements reflect all adjustments, consisting of only normal recurring accruals, which are necessary for a fair presentation of the results of operations and financial position for interim periods.

2. COMMITMENTS AND CONTINGENCIES

Kingsport Power Company continues to be involved in certain matters discussed in its 2002 Annual Report.

STATEMENTS OF INCOME

	Year Ended December 31,		
	2002	2001	2000
	(in thousands)		
OPERATING REVENUES	<u>\$83,397</u>	<u>\$78,832</u>	<u>\$82,315</u>
OPERATING EXPENSES:			
Purchased Power - Affiliated Company	58,213	54,777	59,106
Other Operation	7,397	8,106	8,154
Maintenance	2,520	2,200	1,858
Depreciation	3,372	3,262	3,105
Taxes Other Than Income Taxes	3,370	3,014	3,671
Income Taxes	<u>2,385</u>	<u>2,323</u>	<u>3,273</u>
TOTAL OPERATING EXPENSES	<u>77,257</u>	<u>73,682</u>	<u>79,167</u>
OPERATING INCOME	6,140	5,150	3,148
NONOPERATING INCOME (LOSS)	(52)	4	(26)
INTEREST CHARGES	<u>1,628</u>	<u>1,748</u>	<u>2,336</u>
NET INCOME	<u>\$ 4,460</u>	<u>\$ 3,406</u>	<u>\$ 786</u>

STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31,		
	2002	2001	2000
	(in thousands)		
NET INCOME	\$4,460	\$3,406	\$786
OTHER COMPREHENSIVE INCOME (LOSS)			
Minimum Pension Liability	(2,067)	-	-
COMPREHENSIVE INCOME	<u>\$2,393</u>	<u>\$3,406</u>	<u>\$786</u>

STATEMENTS OF RETAINED EARNINGS

	Year Ended December 31,		
	2002	2001	2000
	(in thousands)		
RETAINED EARNINGS JANUARY 1	\$5,882	\$5,219	\$7,186
NET INCOME	4,460	3,406	786
CASH DIVIDENDS DECLARED	<u>1,962</u>	<u>2,743</u>	<u>2,753</u>
RETAINED EARNINGS DECEMBER 31	<u>\$8,380</u>	<u>\$5,882</u>	<u>\$5,219</u>

See Notes to Financial Statements.

STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2002	2001	2000
	(in thousands)		
OPERATING ACTIVITIES:			
Net Income	\$ 4,460	\$ 3,406	\$ 786
Adjustments for Noncash Items:			
Depreciation	3,372	3,262	3,105
Deferred Income Taxes	1,030	530	103
Deferred Investment Tax Credit	(73)	(83)	(71)
Changes in Certain Current Assets and Liabilities:			
Accounts Receivable (net)	(705)	5,389	(3,118)
Materials and Supplies	27	8	184
Accrued Utility Revenues	(116)	4,266	(308)
Accounts Payable	9,734	(1,614)	1,836
Taxes Accrued	(1,087)	(200)	274
Revenue Refunds Accrued	-	-	(11,874)
Other (Net)	(301)	5	2,230
Net Cash Flows From (Used For) Operating Activities	<u>16,341</u>	<u>14,969</u>	<u>(6,853)</u>
INVESTING ACTIVITIES:			
Construction Expenditures	<u>(4,148)</u>	<u>(4,055)</u>	<u>(5,094)</u>
Net Cash Flows Used For Investing Activities	<u>(4,148)</u>	<u>(4,055)</u>	<u>(5,094)</u>
FINANCING ACTIVITIES:			
Issuance of Long-term Debt	-	20,000	-
Retirement of Long-term Debt	-	(10,000)	(5,000)
Change in Short-term Debt (net)	-	-	(4,050)
Change in Advances to/from Affiliates (net)	(10,703)	(18,128)	24,043
Dividends Paid	<u>(1,962)</u>	<u>(2,743)</u>	<u>(2,753)</u>
Net Cash Flows From (Used For) Financing Activities	<u>(12,665)</u>	<u>(10,871)</u>	<u>12,240</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(472)	43	293
Cash and Cash Equivalents January 1	472	429	136
Cash and Cash Equivalents December 31	<u>\$ -</u>	<u>\$ 472</u>	<u>\$ 429</u>

Supplemental Disclosure:

Cash paid for interest net of capitalized amounts was \$1,527,000, \$1,499,000 and \$1,913,000 and for income taxes was \$2,119,000, \$1,875,000 and \$1,721,000 in 2002, 2001 and 2000, respectively.

See Notes to Financial Statements.

BALANCE SHEETS

	<u>December 31,</u>	
	<u>2002</u>	<u>2001</u>
	(in thousands)	
<u>ASSETS</u>		
ELECTRIC UTILITY PLANT:		
Transmission	\$ 15,182	\$14,930
Distribution	79,473	77,561
General	5,980	5,064
Construction work in Progress	973	747
Total Electric Utility Plant	<u>101,608</u>	<u>98,302</u>
Accumulated Depreciation	<u>38,104</u>	<u>35,175</u>
NET ELECTRIC UTILITY PLANT	<u>63,504</u>	<u>63,127</u>
 OTHER PROPERTY AND INVESTMENTS	 <u>430</u>	 <u>279</u>
 CURRENT ASSETS:		
Cash and Cash Equivalents	-	472
Advances to Affiliates	4,788	-
Accounts Receivable:		
Customers	1,665	606
Affiliated Companies	1,570	1,867
Miscellaneous	213	271
Allowance for Uncollectible Accounts	(2)	(3)
Materials and Supplies - at average cost	168	195
Accrued Utility Revenues	116	-
Other	<u>1,236</u>	<u>1,864</u>
TOTAL CURRENT ASSETS	<u>9,754</u>	<u>5,272</u>
 REGULATORY ASSETS	 <u>5,345</u>	 <u>4,471</u>
DEFERRED CHARGES	<u>368</u>	<u>268</u>
 TOTAL ASSETS	 <u>\$ 79,401</u>	 <u>\$73,417</u>

See Notes to Financial Statements.

	December 31,	
	<u>2002</u>	<u>2001</u>
	(in thousands)	
<u>CAPITALIZATION AND LIABILITIES</u>		
CAPITALIZATION:		
Common Stock - No Par Value:		
Authorized - 500,000 Shares		
Outstanding - 410,000 Shares	\$ 4,100	\$ 4,100
Paid-in Capital	13,800	13,800
Accumulated Other Comprehensive Income (Loss)	(2,067)	-
Retained Earnings	<u>8,380</u>	<u>5,882</u>
Total Common Shareholder's Equity	24,213	23,782
Long-term Debt - Notes Payable to Banks	<u>20,000</u>	<u>20,000</u>
TOTAL CAPITALIZATION	<u>44,213</u>	<u>43,782</u>
OTHER NONCURRENT LIABILITIES	<u>3,194</u>	<u>1,896</u>
CURRENT LIABILITIES:		
Advances from Affiliates	-	5,915
Accounts Payable - General	178	221
Accounts Payable - Affiliated Companies	16,522	6,745
Customer Deposits	1,465	833
Taxes Accrued	339	1,426
Other	<u>2,432</u>	<u>2,249</u>
TOTAL CURRENT LIABILITIES	<u>20,936</u>	<u>17,389</u>
DEFERRED INCOME TAXES	<u>10,117</u>	<u>9,463</u>
DEFERRED INVESTMENT TAX CREDITS	<u>642</u>	<u>715</u>
DEFERRED CREDITS	<u>299</u>	<u>172</u>
COMMITMENTS AND CONTINGENCIES (Note 3)		
TOTAL CAPITALIZATION AND LIABILITIES	<u>\$79,401</u>	<u>\$73,417</u>

See Notes to Financial Statements.